



COMMERCE COMMISSION

**Gas Pipelines Inquiry
Draft Report Conference
Information to be Provided**

During the Draft Report conference a number of presenters agreed to provide further information to the Commission. The information to be provided is recorded below. The Commission requests that all further information is provided by 5pm Friday 13 August 2004. Where possible, the information should be provided in electronic form. Emails containing the information should be sent to david.steele@comcom.govt.nz. The Commission intends to make this information available on its website. Parties providing further information should indicate which items of information, if any, is commercially sensitive, and give reasons why it should not be made publicly available.

Contact

- 1 Information on Contact's gas metering business including the number of meters owned by Contact, the number of meters located on each of the gas distribution networks in New Zealand, the number of Contact meters replaced by another company's meters per year and any information on whether Contact considers metering to be competitive.
- 2 The level of price reductions achieved from the threat of bypass pipelines.
- 3 Address the Vector statement that only 50% of pipeline price reductions are passed on to end consumers (from paragraph 6.86 of Vector's submission).

NGC

- 4 Clarify whether 'NZ' plotted on the graph entitled 'Utilisation is a Key Issue' refers to the whole of New Zealand or NGC's network.
- 5 Provide the recent study on inter fuel competition that Mr James referred to at the conference.
- 6 Additional information and comment on the elasticity for transmission and distribution used by the Commission in the draft report.
- 7 Information on the level of energy provided by wood waste within the timber industry.
- 8 Provide the recent NGC letter to customers that lists the cost movements within NGC's business and sets out the price adjustment from 1 October 2004.
- 9 The percentage of revenue generated from the residential customers on NGC's network.
- 10 The percentage of gas pipeline business common costs to the total group costs and the percentage of revenue for the gas business to total group revenue.

- 11 Information on the practicality of undertaking an ex-ante approach to assessing excess returns and in particular the ex ante premium that NGC applies to compensate for stranding and self-insured natural disaster risk.
- 12 Information on how the Kapuni North line was treated within the price control regime applying in the 1980s and early 1990s.

Nova

- 13 Information on the level of future bypass opportunities and the potential size of the bypass markets. Specifically the Commission would like to know the area Nova considers to be potentially subject to bypass opportunities.
- 14 Dr Berry to address the Commission's jurisdiction to make recommendations within the final report and whether the Commission can look at access to gas pipelines under the gas control inquiry.

Powerco

- 15 Further information and evidence, if available, on the costs of self-insuring against natural disasters.

WGL

- 16 Information and evidence on whether WGL is a superior performer compared to the other gas pipeline businesses subject to the Inquiry. Why does WGL appear to be efficient within the comparative benchmarking study? Does WGL consider it to be because the benchmarking study fails to normalise correctly for customer density or is it due to good performance by WGL?
- 17 The involvement the NGC directors have in discussing and approving the pricing strategy for WGL's network business.
- 18 Updated figures of revenue and volume percentages for the industrial, commercial and residential customer groups.

Vector

- 19 The level and nature of the capital contributions made to Vector and the treatment of those contributions by Vector.
- 20 The growth rate of LPG versus natural gas connections in the areas where Vector has reticulated natural gas.
- 21 The price increase in zone C compared to the price decrease in zone X and Y by unit and revenue amounts. The gas volume and revenue amounts within each of Vector's zone pricing areas.
- 22 Additional analysis on the level of competition in the Auckland gas pipeline services market. Could include breaking the market into the potentially competitive sectors and providing evidence why each alternative provides a constraint on Vector's prices.

- 23 Information on whether the level of competition Vector are proposing results from gas being priced up to alternative energy forms in the market.
- 24 Further information on Vector's proposal for the dynamic inefficiency calculation for missing markets to allow the Commission to replicate Vector's approach.
- 25 Vector's view on the application of ACAM and whether it requires costs to be allocated on a stand alone basis for monopoly businesses, and/or allows recovery of more than the total of actual common costs from the different business activities.
- 26 Vector's view on whether the MED paper entitled 'Proposals for Amending the Gas (Information Disclosure) Regulations 1997' (referenced on page 54 of Vector's submission) allows multi utility businesses to allocate stand alone costs for both its electricity and gas networks and how Vector's cost allocation approach relates to the ACAM discussion in the MED paper.
- 27 To what extent does the electricity and gas industries bill affect the prices charged by the gas pipeline businesses?
- 28 Comment on whether it would be reasonable to assume that the 1999 ODV valuation could be changed as proposed by Vector, without adjusting other assumptions in the modelling.

Greymouth Petroleum

- 29 Confidential